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Proposed programme budget for the biennium 2006-2007

United Nations common system

Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for 2005

Statement submitted by the Secretary-General in accordance with rule 153 of the rules of procedure of the General Assembly*

Summary

Pursuant to rule 153 of the rules of procedure of the General Assembly, the present statement is submitted detailing the administrative and financial implications of the decisions and recommendations of the International Civil Service Commission on the common system, in particular their implications on the proposed programme budget of the United Nations for the biennium 2006-2007. The recommendations and decisions of the Commission having an effect on the proposed programme budget for the biennium 2006-2007 will be reflected in the recosting of the proposed programme budget estimates prior to determination of the appropriation to be adopted by the General Assembly.

* The present statement of implications could only be produced subsequent to the receipt of the subject report of the International Civil Service Commission.

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I. Introduction

1. The thirty-first annual report of the International Civil Service Commission (ICSC)[1] contains specific decisions and recommendations with financial implications for the proposed programme budget for the biennium 2006-2007 related to the following issues (the paragraph numbers refer to the ICSC report):

(a) Conditions of service of staff in the Professional and higher categories: base/floor salary scale and staff assessment scale (paras. 186-193);

(b) Conditions of service applicable to both categories of staff: hazard pay (paras. 130-147);

The report of the Commission also contains decisions and recommendations in paragraphs 161, 162, 256 and 259 involving financial implications for the United Nations system organizations which, however, would have no financial implications for the United Nations proposed programme budget.

II. Conditions of service of staff in the Professional and higher categories

A. Base/floor salary scale

2. The General Assembly, in section I.H of its resolution 44/198 of 21 December 1989, established a floor net salary scale for staff in the Professional and higher categories by reference to the corresponding net salary levels of officials in comparable positions serving in the base city of the comparator civil service (the federal civil service of the United States of America). The base/floor salary scale was part of an integrated package of measures in which negative classes of post adjustment were eliminated.

3. The General Schedule salary scale for the United States federal civil service in Washington, D.C., the current comparator, increased by 2.5 per cent on a gross basis, as from 1 January 2005. The 2005 General Schedule increase, combined with the effect of tax changes, resulted in GS-13/GS-14 salary levels that were 2.49 per cent higher than the current base/floor salary scale. In accordance with the approved procedures and past practices, this would call for an upward adjustment of the common system salary scale by 2.49 per cent. The Commission, in its 2005 annual report,[1] decided to recommend to the General Assembly an upward adjustment of the current base/floor salary scale for staff in the Professional and higher categories by 2.49 per cent, with effect from 1 January 2006. The increase of 2.49 per cent for the year 2006 in the base/floor salary scale would be implemented through the standard method of consolidating post adjustment multiplier points on a no-loss/no-gain basis.

4. The financial implications resulting from the above-mentioned adjustment of the base/floor salary scale for the United Nations and other participating organizations of the common system have been calculated by ICSC on an annual basis in the amount of $2,811,900, broken down as follows:

(a) For duty stations with low post adjustment that would otherwise fall below the level of the new base/floor: none;

(b) In respect of mobility/hardship allowance: $2,380,000;

(c) In respect of the scale of separation payments: $431,900.

5. The biennial financial implications of the above recommendation for the United Nations proposed programme budget for the biennium 2006-2007 have been estimated at $975,300. The amount would include: (a) an increase of $484,400 in the level of mobility and hardship allowance, and (b) an increase of $490,900 in the level of separation payments.

B. Adjustment of staff assessment rates

6. In the context of the review of the revised base/floor scale adjustment, the Commission noted that the representatives of the United Nations Secretariat informed the ICSC secretariat that, in order to address imbalances in the Tax Equalization Fund, a reduction in staff assessment rates by 20 per cent would be required to lower the staff assessment contributions to the Fund.

7. Over the past few years incomes of the Tax Equalization Fund have consistently exceeded the requirements for reimbursements to staff members subject to United States income taxes. At 31 December 2004, a cumulative surplus of the Tax Equalization Fund had reached $87.8 million.

8. The Commission noted the information received from the Secretariat and proposed a new staff assessment scale for the Professional and higher categories of staff reduced by 20 per cent with effect from 1 January 2006 (see annexes VI and VII to its report). The proposed adjustment would lower the gross salaries by 20 per cent, but it would have no effect on net salaries.

9. It is estimated that application of the new staff assessment rates for Professional and higher categories of staff would result in a reduction of the estimated requirements for the biennium 2006-2007 in the amount of $48,890,000 under section 35, Staff assessment. The estimated incomes under Income section 1, Income from staff assessment, would also be reduced in the same amount, resulting in a zero net effect for the total level of the proposed programme budget for the biennium 2006-2007. It is the intention of the Secretariat to bring to the attention of the Commission at its sixty-second session in 2006 the issue of a common scale of staff assessment rates for General Service and other locally recruited categories of staff for its review and decision on the level of those rates.

III. Conditions of service applicable to both categories of staff: hazard pay

10. Based on its 2005 review of the level of hazard pay for both categories of staff, the Commission decided to increase the level of hazard pay granted to internationally recruited staff from $1,000 to $1,300, effective 1 January 2006. The Commission also decided that the current level of hazard pay for locally recruited staff (25 per cent of the midpoint of the local salary scale for General Service staff) should remain unchanged. The Commission also reiterated its commitment to the principle of hazard pay and expressed its appreciation for the dedication and commitment of all those staff working in hazardous conditions.

11. The total annual financial implications of that decision for the United Nations and other participating organizations of the common system have been estimated by the Commission at $1,440,900. These estimates are based on the 2002 staff statistics of the United Nations system organizations.

12. Over the past three years the Organization has experienced a significant expansion in the number and scope of its special political missions, in particular those deployed in high-risk areas. Accordingly, in estimating the implications of the proposed increase in the level of hazard pay granted to international staff, the Secretariat utilized its most recent statistical information on the number of staff deployed in the field in the context of special political missions. At present, about 700 posts for internationally recruited staff have been utilized in special political missions at duty stations classified as hazard pay duty stations. Based on those statistics, the annual financial implication for the United Nations proposed programme budget for the biennium 2006-2007 has been estimated at $2,347,000, for a total potential impact for the biennium in the amount of $4,694,000.

IV. Conclusions and recommendations

13. **The financial implications for the United Nations proposed programme budget for the biennium 2006-2007 resulting from the decisions and recommendations of ICSC are summarized below:**

	United States dollars
Remuneration of staff in the Professional and higher categories:[a]	
Mobility/hardship allowances	484 400
Separation payments	490 900
Conditions of service applicable to both categories of eligible staff:[b]	
Hazard pay, internationally recruited staff (1 January 2006 to 31 December 2007)	4 694 000
Total	**5 669 300**

[a] See para. 5 above.
[b] See para. 12 above.

14. **Accordingly, the related additional requirements under the proposed programme budget for the biennium 2006-2007 resulting from the recommendations and decisions of ICSC have been estimated to be in the order of $5,669,300, net of staff assessment. These additional requirements for the biennium 2006-2007 will be reflected in the recosting of the proposed programme budget estimates prior to determination of the appropriation to be adopted by the General Assembly.**

15. **As regards the estimated reduction in requirements for staff assessment for the biennium 2006-2007 under section 35, Staff assessment, in the amount of $48,890,000, these will be offset by a reduction of a corresponding amount of income under Income section 1, Income from staff assessment. These changes**

will also be reflected in the recosting of the proposed programme budget for the biennium 2006-2007 prior to determination of the appropriation to be adopted by the General Assembly.

Notes

[1] *Official Records of the General Assembly, Sixtieth Session, Supplement No. 30* (A/60/30).